

## Message Text

UNCLASSIFIED

PAGE 01 CARACA 08319 271926Z

64

ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-03

INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-03 LAB-06 SIL-01 OMB-01 L-03 PA-04 PRS-01 USIA-15

DRC-01 /124 W

----- 074275

R 271548Z AUG 74

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 5566

INFO AMEMBASSY LIMA

UNCLAS CARACAS 8319

LIMA FOR REGIONAL INTEGRATION OFFICER

E.O. 11652: N/A

TAGS: ECON, EFIN, VE

SUBJECT: VENEZUELAN APPLICATION OF DECISION 24

1. ON AUGUST 21, SUPERINTENDENT OF FOREIGN INVESTMENT SOTO ALVAREZ ANNOUNCED THREE RESOLUTIONS TO BE FORTHCOMING WHICH WILL SHED SOME LIGHT ON VENEZUELA'S HANDLING OF FOREIGN INVESTMENT UNDER DECISION 24 OF THE CARTAGENA AGREEMENT. HE CONFIRMED THAT IT IS VENEZUELA'S INTENTION TO ADAPT THE STIPULATIONS OF THE DECISION TO ECONOMIC REALITIES PREVAILING.

2. THE FIRST RESOLUTION WILL ELIMINATE REGISTRATION REQUIREMENTS FOR CERTAIN TYPES OF SECURITIES; PUBLIC DEBT, MORTGAGE BONDS, FINANCE COMPANY BONDS, TIME DEPOSIT CERTIFICATES, COMMERCIAL BONDS AND BONDS ISSUED BY THE ANDEAN DEVELOPMENT CORPORATION. THE GOAL OF THIS MEASURE IS TO STIMULATE CAPITAL MARKETS AND CERTAIN INDUSTRIES RELYING ON THE BOND MARKET FOR FINANCING RESOURCES.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 CARACA 08319 271926Z

3. THE SECOND RESOLUTION WILL AUTHORIZE THE TRANSFER OF

SHARES, PARTICIPATIONS AND RIGHTS AMONG EXISTING FOREIGN COMPANIES WHICH HAVE PARTICIPATION IN OTHER FOREIGN COMPANIES. ALSO TO BE AUTHORIZED ARE INCREASES OF CAPITAL IN EXISTING FOREIGN, NATIONAL AND MIXED COMPANIES AS LONG AS THEY SHOW NO DECREASE IN THE PERCENTAGE OF NATIONAL PARTICIPATION. SUCH OPERATIONS MUST, HOWEVER, BE REGISTERED SUBSEQUENTLY WITH THE SUPERINTENDENCY.

4. THE THIRD RESOLUTION WILL AUTHORIZE THE REINVESTMENT OF ALL THE EARNINGS OF COMPANIES WILLING TO INSTALL OR MOVE THEIR OPERATIONS TO THE INTERIOR OF THE COUNTRY. IN OTHER CASES, REINVESTMENTS ARE LIMITED TO 5 PERCENT. THE AUTHORIZATION WILL BE VALID FOR FIVE YEARS FROM THE DATE THE RESOLUTION WILL BE PUBLISHED. THIS RESOLUTION IS IN SUPPORT OF THE GOVERNMENT'S PLANS TO DECENTRALIZE INDUSTRY BY PROMOTING ITS ESTABLISHMENT IN LESS DEVELOPED AREAS OF THE COUNTRY.

5. THE THREE RESOLUTIONS WERE ANNOUNCED DURING A MAJOR SPEECH BY SOTO AT THE AMERICAN CHAMBER OF COMMERCE LUNCHEON ATTENDED BY RECORD NUMBER OF MEMBERS AND GUESTS. THEME OF SOTO'S REMARKS WAS GOV DESIRE TO FOLLOW "OPEN DOOR POLICY" TO FOREIGN INVESTMENT, BUT A POLICY WHICH WOULD ASSURE THAT SUCH INVESTMENT ASSUMES RESPONSIBILITY FOR VENEZUELA'S DEVELOPMENT AND SOCIAL WELFARE.

6. DURING THE QUESTION PERIOD AFTER HIS SPEECH, SOTO ALVAREZ GAVE THE FOLLOWING CLARIFICATIONS; PAYMENT FOR ROYALTIES FROM SUBSIDIARY TO PARENT COMPANIES WILL BE PROHIBITED; GREATER CLARIFICATION WILL BE REQUIRED REGARDING THE INTERNAL MARKETING OF GOODS AND SERVICES.

7. TEXTS OF THE RESOLUTIONS AND FURTHER COMMENTS WILL BE SUBMITTED WHEN THE RESOLUTIONS ARE PUBLISHED OFFICIALLY.  
FISHER

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** INVESTMENT LAW, REGIONAL ORGANIZATIONS, FOREIGN INVESTMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 27 AUG 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974CARACA08319  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740237-0270  
**From:** CARACAS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740816/aaaaamzp.tel  
**Line Count:** 97  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION ARA  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:**  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** shawdg  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 20 JUN 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <20 JUN 2002 by reddocgw>; APPROVED <31 JAN 2003 by shawdg>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** VENEZUELAN APPLICATION OF DECISION 24  
**TAGS:** ECON, EFIN, VE  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005